

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 01-0084P**

Gross and Adjusted Gross Income Tax  
Calendar Years 1996, 1997, and 1998

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is incorporated in Indiana and provides research and development of electronics products for its parent. Upon audit it was discovered that the taxpayer failed to correctly report its gross income at the high rate of tax for services it performs in Indiana. Other errors in taxpayer's filing are also noted in the audit report.

I. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer was assessed a penalty for failure to correctly report all of its income and to report service income at the high rate of tax.

Taxpayer's representative, in a letter dated March 29, 2001 protested penalties assessed because the taxpayer is in good standing and always pays its taxes on a timely basis. It requests consideration in abating the penalty.

The audit revealed that the taxpayer failed to remit over forty percent (40%) in tax for all years of the audit for issues that are clear in the Indiana code and Departmental Regulations. Further, taxpayer has not provided reasonable cause to allow the Department to waive the penalty.

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**FINDING**

Taxpayer's protest is denied.

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